MR. DYGERT: So basically, just so I'm clear what your proposal is, you would conduct examination on III-5 now, have no cross-examination for VII-8. That would be all we needed, all you needed to have Mr. D'Amico be able to respond to, so he would then go on to be crossed by the petitioners, and then we would pick up the remainder of these issues afterwards?

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Pick up I-5 and I-6 for MR. OATES: Yes. which Mr. Pitterle is the witness, and issue V-8 with Mr. D'Amico and/or Mr. Albert in the -- along 12 with issue V-1 and subpanel five of the network architecture.

MR. HARRINGTON: And IV-35?

MR. OATES: IV-35, I believe, is really related to issue I-5, I think. Isn't it?

MS. KELLEY: If I could, in terms of deciding how much we can get through today and whether or not to excuse Dr. Collins, it was pointed out to me correctly that one of my network architecture witnesses was going to respond to the drawing, and was prepared to do so, and I asked him

to stick around until this panel was done, because he won't need to come back for the rest of the week because we're done with network architecture for the week. So maybe once we are done with these few issues that we're are trying to accommodate 6 \parallel Mr. D'Amico with, we could slip him in, and let him respond to that and get out of here, that would be very helpful.

MR. DYGERT: Okay. So, Mr. Oates, whenever you're ready.

MR. HARRINGTON: Are we excusing the two witnesses that are not involved in this issue from the panel at this point?

> MR. DYGERT: Yes.

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(Off the record.)

MR. DYGERT: So, it seems to us that what makes the most sense is, I think, do cross for both sides on issue III-5. Then WorldCom can have its witness respond to the drawing that Verizon 20 provided earlier this afternoon, or this morning, whenever it was, and I think at that point we will 22|be prepared to break for the day, and so that means

that Dr. Collins and Mr. Kirchberger can be excused for now, and we will resume with them and everyone 3 else who wants to talk about the remaining intercarrier compensation issues tomorrow morning

> MR. HARRINGTON: Thank you.

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at 9:30.

MR. OATES: I would like to start with Mr. Talbott, if I might.

TALBOTT: Good afternoon, Mr. Oates.

MR. OATES: If I could, sir, I'd like to refer you first to page 105, pages 105 and 106 of your direct testimony; I believe this is AT&T Exhibit 3. I'm working off of the version that only has your name on it, so perhaps it's a different page on the revised version.

The question is, do AT&T switches in 17∥Virginia cover a geographic area comparable to the area covered by each Verizon switch?

> MR. TALBOTT: Yeah, I see that question.

MR. OATES: And the questions I have relate to your response to that question below.

You respond on, beginning with AT&T com, continuing 22

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able to connect.

1 through TCG and Media One that AT&T com has the ability to connect to virtually any qualifying local exchange customer in Virginia. TCG is able to connect to virtually any customer in the LATA, and Media One, again using a classified switch, is

What evidence, Mr. Talbott, does AT&T offer in support of those--that statement? 9 those statements regarding the capabilities of the 10 AT&T switches?

MR. TALBOTT: We offered into evidence the 11 12 maps attached to my testimony.

MR. OATES: And those were exhibits DLT 14 | Exhibits 8(a) through 8(d), I believe?

MR. TALBOTT: Yes, it was.

Have you offered any other MR. OATES: evidence, has AT&T offered any other evidence in support of the proposition that you stated regarding the capability of the AT&T switches.

MR. TALBOTT: The evidence that's also in the record, in my written testimony.

MR. OATES: Now, Mr. Talbott, is it

1 correct to say that the geographic comparability 2∥test--that is, the test regarding whether an AT&T switch serves an AT&T end office switch serves an 3 | area that is geographically comparable to a Verizon tandem, that's a test that was derived by the FCC, 5 l was it not? 6 |

MR. TALBOTT: Yeah, was promulgated in a Rule 51.711 A-3, I believe.

MR. OATES: In other words, it's not a 10 | Verizon proposal. It's a Commission rule?

> MR. TALBOTT: Yes.

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MR. OATES: Now, if an AT&T switch and 13 AT&T end office switch serves a single local customer, would it be AT&T's position, rather, that 15∥that switch serves a geographically comparable area 16∥to the Verizon tandem?

MR. TALBOTT: Based on the evidence that I presented, if, for example, any one of the switches 19∥served just a single customer, based on the evidence I have provided, that calls terminate to that one customer should be compensated at the 22 tandem rate.

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MR. OATES: And why is that?

MR. TALBOTT: Because AT&T's switch and the network supporting that switch, when the second customer comes on could be anywhere in that LATA, 5 and anywhere in that comparable area, area comparable to the Verizon tandem, and by meeting that test, AT&T should be compensated for its costs to carry Verizon's traffic, and the FCC is determined that Rule 51.711 is the proxy by which we would be entitled to the tandem rate.

MR. OATES: And the rule you just cited is triggered only when the AT&T switch serves a geographically comparable area to the Verizon switch; isn't that right?

MR. TALBOTT: You said serves an area or is designed to serve?

> MR. OATES: Serves.

MR. TALBOTT: Serves. We may quibble about the word "serve."

MR. OATES: Have I misstated the rule as 21 you would view it?

MR. TALBOTT: We could look at the rule,

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Let me refer to you page 104 MR. OATES: $3 \mid of$ your direct testimony again in Exhibit 3 where I 4 believe you quote from the Commission in the NPRM, which is discussing Rule 51.711.

Do you see that part of your testimony?

TALBOTT: Beginning on line three? MR.

MR. OATES: Yes.

MR. TALBOTT: Yes.

MR. OATES: And beginning on line appears should be 11 of that quote, again where AT&T is 12 | quoting the Commission from the NPRM, it says: "We can confirm that a carrier demonstrating that its 14∥switch serves a qeographically comparable area to that served by the ILEC tandem switch is entitled to the tandem interconnection right.

MR. TALBOTT: Yes, I see that.

Is that what triggers AT&T's MR. OATES: right to the tandem rate, then, when it switch serves a geographically comparable area?

MR. TALBOTT: I would like to go back to 22 Rule 51.711 if that has got the identical wording.

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I'm reading from the Code of Federal 3 Regulations where a switch of a carrier other than 4 an incumbent LEC serves a geographic area 5 | comparable to the area served by an incumbent LEC's 6 tandem switch, the appropriate rate for the carrier other than the incumbent LEC is the incumbent LEC's tandem interconnection rate.

> MR. OATES: Thank you.

Now, on your testimony again, in your direct testimony, Mr. Talbott, Exhibit 3, page 110, 12∥starting at line 17--do you have that in front of 13 | you?

MR. TALBOTT: Yes, I do.

MR. OATES: The testimony, that sentence I 16∥have starting on line 17 is, "Yet if a CLEC has a 17∥single customer in a certain area, the CLEC incurs 18 costs to terminate Verizon traffic directed to that 19 customer."

Is it AT&T's position that the--that the 21 costs involved in terminating that call are what 22 warrant the tandem rate?

The basis for the rule is to MR. TALBOTT: determine what should be the appropriate rate for $3 \parallel$ the CLEC to be compensated at, and the FCC is determined that there is a proxy--in other words, there is a good, reasonable accommodation of what that rate should be, so long as the rule is met.

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So, meeting the rule then means that the best estimation for AT&T's costs would be the 9 Verizon tandem rate.

MR. OATES: But is it accurate to say that you don't meet or fail to meet the rule on the 12 basis of cost? Cost is not what determines whether the rule has been met, in other words.

MR. TALBOTT: That is correct. If AT&T believed that it was being inadequately compensated--and I believe the rules also provide that AT&T could make a cost showing that it would require a higher rate to determine -- it would be entitled to a higher rate to terminate Verizon's traffic.

Would you agree that no matter MR. OATES: what AT&T's costs are to terminate that call, AT&T

is not entitled to the tandem rate unless its switch serves a geographically comparable area to the Verizon tandem?

MR. TALBOTT: That's my reading of the rule.

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MR. OATES: Mr. Talbott, let me refer to you your Exhibits 8(a) through (d), which were offered with your direct testimony. Labeled Exhibit DLT 8(a) through 8(d).

Do these--well, these exhibits show the location of the various AT&T affiliate switches; is that right? In Virginia.

MR. TALBOTT: Yes, and the rate centers that those switches by which we offer--the rate centers to which we offer services by those switches.

MR. OATES: And the maps show the area, the geographic area over which the switches are capable of providing service; is that right?

MR. TALBOTT: To which we would take a customer order, if a customer requested service 22 from one of those rate centers, yes.

MR. OATES: But those diagrams do not show the location or number of customers actually served 3 by any of those switches, do they?

> TALBOTT: No, they do not. MR.

MR. OATES: If I could move now to the 6 WorldCom witness, Mr. Grieco, is that how you pronounce your name?

MR. BALL: I'm Mr. Ball.

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MR. OATES: Oh, you're Mr. Ball. 10 Grieco's not here. Okay, thank you. And, Mr. Ball, perhaps I can do this just in summary 12 fashion. WorldCom has also offered a description 13 of its switches. I don't believe you've offered 14 ∥any exhibits, but a description of the location of 15 lits switches in Virginia, and a description of the 16 rate centers, the local serving areas over which 17 those switches are capable of providing service; is that right?

> MR. BALL: Yes.

Has WorldCom offered any MR. OATES: evidence regarding the number or location of 22 customers served by any of those switches?

MR. BALL: No.

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2 MR. OATES: Do you agree with

Mr. Talbott's testimony a minute ago that the costs incurred by Verizon to terminate a call are not what determines whether or not Verizon is entitled to recover the tandem rate under this issue, but rather--I'm sorry, WorldCom is entitled to recover the tandem rate, but rather WorldCom is entitled to recover the tandem rate only when its end office switch covers a geographically comparable area to the Verizon tandem?

MR. BALL: I feel like I'm listening to a CD that has a skip in it. 13

MR. OATES: I haven't been in the hearing long enough to have any excuses either.

Let me rephrase that.

Do you agree there is no cost component to the Commission's rule with regard to the appropriate reciprocal compensation rate that's at issue under issue III-5?

> MR. BALL: Yes.

MR. OATES: Whether the FCC presumption is

1 triggered is based solely on whether in your case 2 the WorldCom switch serves a geographically 3 comparable area to the Verizon tandem? Is that 4 right? 5 MR. BALL: Yes, assuming you adequately 6 paraphrased what the rule says. 7 MR. OATES: Okay. I have no further 8 questions. (Off the record.) 9 MR. DYGERT: Mr. D'Amico. 10 Would you introduce yourself, and I will 11 12 remind you are still under oath. MR. D'AMICO: My name is Pete D'Amico with 13 14 Verizon. CROSS-EXAMINATION 15 MS. SCHMIDT: Good afternoon, Mr. D'Amico. 16 MR. D'AMICO: Good afternoon. 17 18 MS. SCHMIDT: On page 26 of your direct testimony, which is the intercarrier comp testimony 19 20 on nonmediated issues, and I apologize, I don't 21 have the exhibit number for that one.

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MS. FARROBA: Does anyone know what that

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exhibit is?

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MR. OATES: That's Verizon Exhibit 5.

MS. SCHMIDT: Thank you.

On page 26 of your testimony, which is 5 Exhibit Verizon 5, you indicate that CLECs should 6∥be required to demonstrate actual functional and geographic comparability for each of their switches.

Are you therefore asserting that Rule 10 711.A.3 requires an examination of the 11 functionality of the CLEC switch as well as the 12 | geographic coverage?

MR. D'AMICO: Hold on a second. 14 trying to find the line.

Okay, this is near the bottom where it 16∥says CLECs should be required to demonstrate actual 17 | functionality or functional and geographic comparability for their switch?

> MS. SCHMIDT: That's correct, yes.

MR. D'AMICO: I think, based on what we 21∥had just talked about or what I just heard, we read 22 what the order said, and I think what this is

trying to address is what is actually happening or 2 what should be happening. But as far as reading the actual order, it would be based on serving that geographic area.

Okay, so you agree that the MS. SCHMIDT: standard is geographic coverage as opposed to functionality; correct?

> MR. D'AMICO: Yes.

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Now, with respect to MS. SCHMIDT: Okay. the geographic coverage test, you state on page 27 of your direct, which is Exhibit Verizon 5, that a CLEC must prove that their switches actually serve a geographically dispersed area.

Have you proposed in your testimony how the FCC should determine whether a switch actually serves an area that's geographically comparable to the area served by Verizon switches?

MR. D'AMICO: No, I have not.

Well, let's talk about--what MS. SCHMIDT: do you believe the relevant considerations would be? Would it be number of customers, location of 21 the customers? Would those things be relevant, in 22

1 your opinion?

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MR. D'AMICO: I think they would. I just don't know the formula or the combination for how it should be done.

MS. SCHMIDT: So, you're proposing a test but you don't have a proposal as to how that test should be implemented by the FCC, then?

MR. D'AMICO: I would say that one customer seems--I'm not sure if it's appropriate to just have one customer in a given area, but if you were to ask me should it be 10 or 20 or 40, I don't have a feel for that.

MS. SCHMIDT: You don't know. Okay.

So, there could be a lot of possible examples that you could look at in terms of how many customers and where are these customers dispersed. I mean, there could be a variety of combinations that could be considered; correct?

MR. D'AMICO: Yes.

I guess also you would have to look at again the ILEC tandem and what area it serves, and is there--is the CLEC office functioning or serving

as a tandem, covering that area with customers?

MS. SCHMIDT: All right, okay.

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Do you agree that the number of customers and the dispersion of customers for new entrants could change over time?

> MR. D'AMICO: Yes.

MS. SCHMIDT: So, at some point in time a 8 CLEC might not meet whatever test was established 9∥but then later in time they may meet the test, 10 whatever the test is that's established; isn't that correct?

MR. D'AMICO: Again, depending on the 13 parameters of the test, yes.

MS. SCHMIDT: On page 28 of your 15∜testimony, which is Verizon Exhibit 5, you state 16∥even if a CLEC switch meets the tandem criteria as 17∥you describe it, you nevertheless state that the 18 CLEC should not receive the tandem rate; is that 19 correct?

MR. D'AMICO: Can you point me to a 21 specific line, please.

> MS. SCHMIDT: Lines seven through nine.

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MR. D'AMICO: Yes, I see that. Could you go back over that question, please.

MS. SCHMIDT: Okay. You're stating that even if a CLEC switch meets the tandem criteria that you described, you still are proposing that the CLEC should not receive the tandem rate; isn't that correct?

MR. D'AMICO: Well, I think what we are proposing is that there be some kind of blend established based on how much traffic the CLEC is sending to Verizon via the tandem versus the end office.

MS. SCHMIDT: So, are you suggesting that the FCC change or amend or rescind the 7.11.A.3 rule in this case?

MR. D'AMICO: No, I'm not.

MS. SCHMIDT: Is your proposal consistent

MR. D'AMICO: Yes.

with the 7.11.A.3 rule?

MS. SCHMIDT: How is that?

MR. D'AMICO: Well, again, it's

22 addressing -- the FCC rule is addressing, is it

1 serving customers in that area, comparable to an ILEC tandem.

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What this is proposing really is addressing more of a fairness situation, where a 5 | CLEC has the option of getting the lower end office 6 rate and Verizon does not have that capability, so 7 || I wouldn't say that it's changing or in conflict 8 with it.

MS. SCHMIDT: Okay. AT&T and Verizon have 10 | agreed to use one-way trunks, haven't they?

> Yes, I believe. MR. D'AMICO:

So AT&T could choose to MS. SCHMIDT: deliver its traffic to Verizon's tandem or to Verizon's end office; isn't that correct?

> MR. D'AMICO: Yes.

MS. SCHMIDT: Now, these choices will 17 ∥affect how the AT&T traffic is routed to Verizon, but given the use of one-way trunks, they will not necessarily affect how Verizon's traffic is routed 20 to AT&T; is that correct?

MR. D'AMICO: Correct.

MS. SCHMIDT: Thank you. I have no

further--I'm sorry.

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I guess I need a clarification. Are we doing more than just III-5 now? I'm a little confused.

> MR. DYGERT: Not now. Not at this point.

MS. SCHMIDT: Then I'm done, thank you.

MS. KELLEY: Nothing from WorldCom.

QUESTIONS FROM STAFF

MS. PREISS: For the Verizon witness, Mr. D'Amico, is it Verizon's position that AT&T and WorldCom switches in Virginia do not meet the geographic comparability test set forth in the Commission's rule?

MR. D'AMICO: I quess I'm not in a 15 position to know. I have looked at or seen the exhibits, and it shows kind of an overlay of maps of serving area, but again, I'm not sure what the criteria should be as far as serving that area, how many customers or what the parameter should be.

So, I think what we are saying is let's not just assume that it's always the tandem rate 22∥that there needs to be--they should need to serve

that area.

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MS. PREISS: But language that says that they are entitled to the tandem rate if they serve the geographic area comparable to the Verizon tandem is sufficient for Verizon?

MR. D'AMICO: Well, I think there needs to be, I guess, a definition -- not a definition, but some meat put around serves.

9 MS. PREISS: But Verizon hasn't proposed any such test? 10

> MR. D'AMICO: No.

MR. MOON: Paul Moon, FCC.

When I heard the cross-examination of 14 WorldCom, WorldCom seemed to have a different show of proof for its qeographic coverage than AT&T has AT&T seems to have given, for example, offered. the graphical diagrams and so forth.

Could you clarify to what extent WorldCom, in this proceeding, has proven that its geographic coverage is comparable to Verizon's with regard to tandem service.

> On page 75 of our direct MR. BALL:

testimony, we provided information comparing the coverage of the 11 rate centers where we have 3 obtained NXX codes that we are serving with two switches as compared to the number of tandem switches that Verizon serves those same 11 rate 5 centers. And Verizon serves those areas with more than two tandems. 7

MS. PREISS: Just to clarify for the 8 record, that's WorldCom Exhibit 3? 9

MS. KELLEY: We are looking for our 10 exhibit list. 11

MR. BALL: I think I remember it being Exhibit 3 from earlier. 13

MS. PREISS: Okay.

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MR. MOON: Would you characterize that as distinguishable from AT&T's approach of proving out its geographic coverage?

MR. BALL: I'm actually not that familiar with AT&T's presentation.

MR. MOON: Then I would like to turn to ask Mr. Talbott, if he could contrast his approach 22 to that of WorldCom.

(Off the record.)

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MR. BALL: I believe we are taking the same approach. We just gave a written representation, and AT&T provided a graphical representation.

> MR. MOON: Thank you.

This question now goes to Verizon. Verizon appears to be arguing that one of the reasons that this is contentious is because of the 10 lack of a competitive option to be able to bypass the tandem rate and use the end office rate. Part 12 | of the reason that this occurs is apparently because CLECs oftentimes combine end office switching and tandem switching functionality, and so my question about Verizon's network is to what extent does Verizon also likewise combine end office switching and tandem switching and to what extend is that implemented in comparison to the pure end office and pure tandem switching 20 functionality?

MR. D'AMICO: To my knowledge, the Verizon 22 | network is set up where we have tandems and we have

end office that subtend those tandems. I wish Don was here; he might be able to help me with some of this stuff, Don Albert.

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But I have seen like DMS 100/200 switch, but I believe that is a tandem at an end office, but there are two parts of the switch, and so you either connect to the end office part of the switch or to the tandem part of the switch. So I don't know of any situations where we in effect have--you can't get to one or the other, in other words.

Can a CLEC, in turn--does a MR. MOON: CLEC ever encounter the problem of having to pay the tandem rate and not being able to go with the end office rate because of the fact that Verizon switches combine end office and tandem switching?

MR. D'AMICO: No, not to my knowledge. Clearly you could go to the tandem; or, when the usage is great enough, they go directly to the end office.

Another question to Verizon, MR. MOON: it's a short one, is with regards to what you were 22|saying earlier about geographically dispersed

1 service, are you creating yet another test, so to speak, or would you articulate this as yet another way of proving out what is in the rule this term service -- serving?

MR. D'AMICO: I guess maybe both. I mean, the rule is what it is, but I think there needs to 6 II 7 be something put around the issue of if the CLEC is 8 | actually serving customers there, and how is that worked out, as opposed to just a broad brush that says look, I have the potential to serve anybody in this LATA, but they may not actually be doing that.

So, that's --

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MR. MOON: So Verizon could accept the rule in a vacuum and just take the rule for what it 15 | is, and then in the process of proving out that 16 resume, the incorporating concepts like geographically dispersed and so forth to show service or that's at least Verizon's interpretation?

> MR. D'AMICO: Yes.

MR. MOON: Okay.

MS. PREISS: To AT&T and WorldCom,

forgive me if I'm going over territory that is covered in your testimony, but it's your position that all your switches in Virginia are--serve areas geographically comparable to Verizon's tandem switches? WorldCom first.

MR. BALL: Yes.

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MS. PREISS: AT&T.

MR. TALBOTT: Yes.

So, then there is no point MS. PREISS: then on your networks to which Verizon could deliver its traffic and avoid paying the tandem 12 rate and pay the end office rate only. They would always have to pay the tandem rate; is that correct, Mr. Ball? 14

> MR. BALL: Yes.

MS. PREISS: Mr. Talbott?

MR. TALBOTT: Yes.

Thank you. MS. PREISS:

MR. MOON: No further questions, except

for this late coming one. Just a moment, please. 20

(Pause.)

This is belts and suspenders MS. PREISS:

and buttons and snaps and pins, but just to be absolutely sure, the tandem switching rate, we are 3 talking about applicability of the tandem rate, AT&T and WorldCom, you were only talking about traffic to which reciprocal compensation applies; 5

MR. BALL: Yes.

is that correct?

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MR. TALBOTT: Yes.

MS. PREISS: Thanks.

Any redirect from any of the 10 MR. DYGERT: parties?

MR. OATES: I have no redirect. I have a point of clarification I would like to make, if I might, simply in response to a question Ms. Preiss asked, which is essentially what is Verizon's 16 position on the issue, and our position is that that neither AT&T nor WorldCom have proven geographic comparability.

Excuse me, are you testifying 19 MS. PREISS: 20 here?

MR. OATES: No, ma'am. It's my 22 understanding that what you asked the witness what

was our position on a particular point of argument, and I'm just simply trying to clarify that. 2 3 MS. PREISS: If you could do it in under 30 seconds, qo ahead. 4 I think I have done it. 5 MR. OATES: don't need to say any more. It is that, yes, our 6 position is that they have failed to establish or set forth facts that proved they have met the tests set out by the FCC regarding geographic comparability. 11 MR. DYGERT: Mr. Keffer? MR. KEFFER: No. 12 MR. DYGERT: Anything other redirect? 13 Nothing from WorldCom. MS. KELLEY: 14 So, I think that's it for MR. DYGERT: 15 this panel for this evening. 16 MS. KELLEY: Mr. Grieco with our--17 (Off the record.) 18

MR. DYGERT: All right. I think at this point both AT&T and WorldCom's witnesses would like to respond briefly to the diagram that Mr. Albert drew earlier, which I believe will ultimately be

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reduced to 8-1/2 by 11 form as Exhibit 53 for Verizon?

MR. EDWARDS: I believe that's correct.

MR. DYGERT: So, who would like to go

first? Mr. Talbott.

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CROSS-EXAMINATION

MR. TALBOTT: Mr. Albert, in his diagram, was asserting that a single POI in the LATA was going to create substantial network problems for Verizon, and I would like just to take a minute to tell you why that that's not the case. And to do so, we need to distinguish the difference between trunking and where a POI would number the network.

If I'm going to use this diagram right 15 here to suggest that AT&T, under its right, should 16 be able to have a single POI in the LATA, and I would like to hypothetically --

Is this going to be yet MR. DYGERT: Is there any way you can do another new exhibit? 20 what you're talking about on Verizon 53 instead 21 of--just verbally doing it instead of drawing on 22 lit.

1 MR. TALBOTT: I would rather use what would be a much more clear and simple diagram. 3 MR. DYGERT: Will you give us this as an exhibit? 4 5 When he's done, we will do MR. KEFFER: the same thing we did with 31 to 34, we'll reduce 6 it by eight and a half by 11, and Mr. Talbott, be sure you indicate clearly what points on the diagram you're referencing during your remarks. 10 MR. TALBOTT: In this hypothetical example, AT&T may have a co-location cage or 11 12 arrangement at this Verizon tandem. That would be our single POI within the LATA. 13 That's the Verizon tandem in MR. DYGERT: 14 15 city A for purposes of clarity. MR. TALBOTT: For city A. 16 What Mr. Albert suggested was that unless 17 there was interconnection to all the tandems in the 18 LATA, that was going to create a network problem 19 for Verizon; and I would like to show you that from

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trunking to each of the other tandems.

this single POI, AT&T could have direct trunking or